

To the Members of the California State Senate:

I am signing Senate Bill 1507, however, I am suggesting that further changes would ensure that the State does not incur excessive debt in the future. While the bill moves in the right direction by reducing the amount of debt the California Transportation Commission can issue for transportation projects from 30 to 15 percent of annual federal reimbursements, it would be more prudent to base debt on future federal obligations or by adjusting deposits to account for one-time anomalies in deposits. While federal deposits can fluctuate greatly from year to year, obligation authority remains relatively stable and is the actual basis of repayment. Therefore, I would welcome additional changes to this law to ensure a more prudent calculation basis to ensure financial integrity of the State relative to transportation funds.

Sincerely,

Arnold Schwarzenegger